

THE LEONARD LETTER

October 3, 2005

QUOTE OF THE WEEK

*“Whenever the people are well-informed, they can be trusted
with their own government.” --- Thomas Jefferson*

AROUND THE STATE

*****CNBC on the Anderson School*****

Whenever the LA Times and other mainstream media want to print something bad about the economy, they go straight to the folks at Anderson School at UCLA who seem more than happy to oblige. Last week I was delighted to see for the first time, a major member of the media took a closer look at the track record of these pontifications. CNBC had a graphic showing the Anderson forecasts on housing since 2002. In short, Anderson said that housing in California was over-valued when the median home price was \$200,000 less than it is now. I am not saying that housing prices will not experience a correction in the near term. What I am saying is to always take the opinions the self-congratulatory elites with a grain of salt.

***** Lawsuit Abuse Awareness Week*****

Today begins Lawsuit Abuse Awareness Week in California. To commemorate the occasion, I offer a sampling of some of the sillier lawsuits to come to my attention recently. Due to legal action, Silly Putty now features a label warning that the product should not be used as earplugs. Then there was the dog that sued the manufacturer of an invisible fence for the psychological damage caused after he ran through that fence on his owner's property. Kids toys and dog tales notwithstanding, I was struck by the case filed by a personal injury attorney on behalf of his wife. The couple had attended the Dallas Cowboys season opening game in 1998. The Cowboys play in an outdoor stadium and it can get pretty hot in Texas. The wife suffered from heat exhaustion and the couple argued that the Cowboys should have better equipped the stadium to handle hot weather and that stadium officials should have responded more quickly to their needs. I encourage you to visit www.StopBadLawsuits.com and sign the petition urging the Federal Trade Commission to enforce stricter advertising standards against personal injury attorneys. Anything we can do to reduce the number of frivolous lawsuits filed would help. Right now, personal injury attorneys are misusing our courts hoping to strike it rich. We need to end lawsuit abuse and reintroduce the concept of personal responsibility into our society.

*****A Convert's Testimony*****

Last week I wrote about how long-term political party activists should view converts to that party. I even compared party converts to religious converts, suggesting that people judge both

by how their behaviors change in light of their newfound beliefs. Sometimes the testimonies of converts are more compelling than those of lifelong believers, and for that reason, converts have an obligation to share them. I recall Ronald Reagan regularly explaining for more than 40 years why he changed parties. The fact that he was once liberal himself put him in a unique position to say, “The trouble with our liberal friends is not that they're ignorant: It's just that they know so much that isn't so.” Converts have an obligation to say what they know now that they did not know before, and in that way bring other converts along the path.

*****Health Savings Accounts Can Help You Live Better*****

With gas prices pinching our pocket books, this is a great time to revisit Health Savings Accounts, especially for young people and others who do not need to see doctors often. Another reason to bring up HSAs is because they closely mimic the strategy many have taken to lower their car insurance by opting for a high deductible plan. This is how it works: You switch to a high-deductible health plan. You are responsible for paying the cost of anything under a certain amount -- usually between \$1,000 and \$5,000 before the insurance pays for anything. In return you get charged a lot less for your premium. The tax-free HSA is used to pay the deductible. A practical example from the Wall Street Journal: A graphic designer had been paying \$900 a month in premiums alone. By switching to a high-deductible health plan, she cut her premiums to \$300 a month. To pay for her \$3,500 deductible, she contributes \$291 a month to a tax-sheltered HSA. The result: \$600 per month savings, or \$7,200 a year for exactly the same health care.

Your employer may offer insurance that is compatible with an HSA, but it is too rare. Currently, only 2.3% of employers offer a high deductible plan that is eligible for use with an HSA, according to the Henry J. Kaiser Family Foundation.

MISCELLANY

*****A Good Read*****

In this fall's special election news coverage you may see and hear about Lew Uhler. Lew has been an untiring activist for the cause of reigning in our out-of-control government spending, and I admire his work. Recently I picked up a small book he wrote years ago entitled “Constitutional Control of Government: Setting Limits” and recommend it to you this week. “Setting Limits” begins by reminding us about the history of our nation—that it was founded to create a level playing field “in which government's role was as neutral party of referee, not as a player.” Further, the equality being sought by the founders was not about outcomes, but about opportunity. Uhler writes, “Nowhere in the Bill of Rights is there any mention of government being responsible to do anything FOR an individual, such as having an affirmative duty to support him and to guarantee him a living. Certainly there was no hint that government would be authorized to coerce one individual to support another through taxation and redistribution.” His book goes on to examine how we have come to the place where we now accept such coercion blithely and recommends action to reclaim it. I do not agree with all of his

recommendations, but his call to action and his exploding of popular myths about government make this a good read.

BOE AND LEGISLATIVE DATES

October 9, 2005 --- Deadline for Governor to sign or veto all legislation sent to him in 2005.

October 9, 2005 --- Columbus Day.

October 10, 2005 --- State offices closed in observation of Columbus Day.

October 10 - November 1, 2005 --- Voters may apply for absentee ballots for the November 8th special election.

October 18, 2005 --- BoE meets with County Assessors in Monterey.

October 18, 2005 --- Last day for sample ballots to be mailed to all voters who were registered by September 9th.

October 24, 2005 --- Last day to register to vote in the statewide special election.

October 25, 2005 --- Taxpayers' Bill of Rights Hearing in Sacramento.

November 8, 2005 --- Statewide special election.

November 11, 2005 --- Veterans' Day.

November 24, 2005 --- Thanksgiving Day.

NOTABLE DATES/ HISTORY

October 3, 1789 --- President George Washington proclaimed the first national Thanksgiving Day on November 26.

October 3, 1913 --- Federal Income Tax was signed into law (at 1%).

October 3, 1920 --- The NFL (then the American Pro Football Association) played its first games.

October 3, 1922 --- The first facsimile photo send over city telephone lines (in Washington, D.C.).

October 4, 1977 --- Pier 39 opened in San Francisco.

October 5, 1963 --- Hyde St. Pier re-opened as State Historical Park in San Francisco.

October 6, 1781 --- Americans and French began siege of Cornwallis at Yorktown, the last battle of the Revolutionary War.

October 6, 1890 --- The Church of Jesus Christ of Latter-day Saints (Mormons) outlawed polygamy.

October 7, 1826 --- The Granite Railway (the U.S.'s first chartered railway) began operations.

October 7, 1868 --- Republicans denounced the Democratic Party's national campaign theme: "This is a white man's country: Let white men rule."

October 7, 1968 --- The Motion Picture Association of America adopted the film rating system.

October 8, 1896 --- Dow Jones started reporting an average of industrial stocks.

October 8, 1933 --- Coit Tower was dedicated in San Francisco as a monument to firefighters.

October 8, 1957 --- The Brooklyn Dodgers announced their move to Los Angeles.

October 8, 1959 --- The LA Dodgers beat Chicago White Sox, four games to two, in the 56th World Series.

October 9, 1776 --- Mission Dolores was founded by the San Francisco Bay.

October 10, 1780 --- Great Hurricane of 1780 killed 20,000 to 30,000 in the Caribbean.

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

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